

## SPEECH PIERRE-OLIVIER BECKERS

LAUNCH of REAP March 3, 2009

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Ladies and gentlemen,

I am delighted and honored to be here to support the launch of the Retailers Environmental Action program or REAP.

Reap is the prompt and voluntary response of the retail sector to the Sustainable Consumption and Production Action Plan of the Commission. We, retailers, see this program as a great opportunity for collaboration with the Commission and we appreciate the Commission's support.

It is not the first time that retailers and the Commission have worked together on environmental issues. Let me recall for instance that in March 2008 under the auspices of the Commission, the members of the European Retail Round Table signed a declaration on energy efficiency and renewable energy in support of the ambitious goals set by the Commission for reducing energy consumption and increasing the sourcing of renewable energy.

The environmental challenges in front of us are broad and complex. So it is absolutely critical that we do not work in isolation. We need to tap into the widest possible seam of constructive, technically skilled, and creative minds to make this Retail Forum a meaningful place of dialogue; to share best practice, and to identify opportunities for progress.

We therefore encourage active involvement from all our partners along the supply chain - from suppliers to consumers' organizations - to participate and actively contribute to the Retail Forum.

Sustainability is a process. We will not be able, and would not be credible, if we were to attempt to tackle and solve all the issues at the same time. It will require a long term vision and a focus. We launch REAP at a time when the world faces one of the worst financial and economic crises for many decades. This clearly shows that our strategy is

long term. REAP is not based on a “*strategie du jour*” that might be abandoned if economic conditions worsen. We will have to be creative and find innovative solutions for our environmental actions. Such an approach is essential if we are to weather the economic storm.

At the same time let's be honest and open minded, there are and there will be challenges. There will be times when we will not have black or white answers to the questions we face. We will have to take our individual responsibility as retailers, and try to best balance sometimes conflicting interests. Take the issue of local sourcing. Yes, local sourcing is something that, no doubt, is good from an environmental perspective. We know this at Delhaize Group where in Belgium and in Greece 65% of our suppliers are local. At the same time, as is the case for many retailers, we also procure a certain number of products in developing countries; by doing this, we often improve production, support employment and help to improve social standards. For example, the OECD found that retailers' own brand products provide a significant contribution to the poorest countries in the world. Where is the trade-off you have to make? Those kinds of examples can be multiplied.

We, retailers, want to be proactive building on the numerous initiatives that we have developed in the field of environmental protection.

Let me give you a few examples of what retailers do, examples which -- I hope you will understand-- come from the retailer I know the best -- the Delhaize Group - with which I have been working for the last 25 years and have had the honor to lead since 1999.

While the examples I give are for Delhaize, I assure you that they are illustrative of the very wide range of actions being taken by all the other members of the European Retail Round Table. And, by the way, amongst the members of ERRT, Delhaize has several keen competitors in the market place!

Here are a few examples of environmental initiatives from our European operations that I want to share:

- From 2007, At Delhaize Belgium, through strong optimization of our distribution system by combined store deliveries and backhauling for return trips; we have decreased our road miles by 2 million kilometres on an annual basis.
- All Belgian operations run on 100% on renewable green energy from water powered energy plants in the Alps. Delhaize Belgium is the largest user of renewable energy in Belgium and the ninth largest in Europe.

- Delhaize Belgium stopped providing free plastic bags on July 1, 2007. The switch from plastic to reusable and recyclable alternatives will reduce the company's use of plastic by around 700 tons a year. In 1994, Delhaize Belgium was the first supermarket in the country to offer re-usable shopping bags.
- By 2020, Delhaize Belgium plans to reduce its energy consumption by 35% (compared to 2005) as part of the European Retail Round Table (ERRT) declaration on energy efficiency to support the energy targets put forward by the European Commission.
- Alfa-Beta, our company operating in Greece, has introduced biodegradable bags and now offers reusable bags
- Alfa-Beta has recycling facilities at 28 of its stores, enabling customers to recycle seven different materials, from glass and paper to white metals and batteries

We see those environmental initiatives as being intrinsically part of our broader corporate responsibility.

For most retailers, being good corporate citizens is something that has grown naturally from their origin. Most of us have indeed started, sometimes a very long time ago, as small, often family owned businesses deeply rooted in local communities. Having respect for these communities, our customers, our associates and the planet itself is something that has been in the very character of our companies as they grew. Well before the words "*corporate responsibility*" or "*sustainability*" had entered common usage, retailers were developing innovative responsible initiatives.

So corporate responsibility was natural to us; it became an integral part of our core business strategy. We are irrevocably committed to sustainability knowing that we can always do more and better but, again, recognizing that this is a long term process.

This brings me to a few aspects that make us so enthusiastic about REAP and make us believe that the Retail Forum is the right model for collaboration.

REAP does not aim at harmonizing retailers' environmental actions.

As you have understood those actions are in many cases part of our respective business strategies and hence of our competitive positioning. We strongly believe that this is a very sound and stimulating process. REAP is by no means a tool to set in stone a prescriptive list of actions for retailers. On the contrary, it provides a forum to encourage innovation, share knowledge and better understand the environment. It is, based on a

respect for the local environment and leaves each retailer the flexibility to bring their priorities to the fore in the most appropriate way for our customers, associates and communities. Maintaining strong local connections and identities is indeed critical to our customers and to our success.

We like this approach because this is exactly the way we at Delhaize Group tend to implement our Corporate Responsibility Strategy. We create a framework, set overall goals on a number of focused areas, while leaving the actual implementation to our operating companies to suit the local markets in which they operate - be it in Belgium, the United States, Greece, Romania or Indonesia and share best practice across the Group.

So, Ladies and Gentlemen, Reap with its Retail Forum will give us an interesting platform to think in a concrete way how we can best integrate environmental sustainability with economic growth. It is a tool which will enable us to do more with less.

And in fact we are already doing it. We do it out of the genuine conviction that it is the right thing to do and because our children, the young adults looking for work and our consumers expect it. And that is the strongest business case one can make to support programs and initiatives such as REAP.

I look forward to this collaboration. I am confident that we will see concrete results.

Thank you.